

OCCASIONAL ADDRESS

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Delivered at UTS graduation ceremony for graduates from the Faculty of Business

Great Hall, City campus, Friday, 7 May 2004, 10.30am

Speech text

Pro Chancellor, Valerie Levy
Deputy Vice-Chancellor, Professor Peter Booth
Dean, Faculty of Business, Rob Lynch

Professors, Faculty Deans, academic and support staff, distinguished guests, graduates and their families and friends.

Let me also acknowledge the Eora and the Guring-gai peoples, as the traditional owners of the land on which UTS is built.

It is an honour to be here today to present the occasional address.

First of all, let me congratulate each and every one of the graduates.

I know this is an exciting day for all of you.

You have worked very hard over a number of years to get to this point and realise your dreams.

And I am sure you have received the love and support of your family and friends.

Having one of my five sons now studying at university in his first year,

I am learning about the emotional, practical and of course financial support that is required to make things easier.

Once my other sons also make the journey through university, I look forward hopefully, to many opportunities to applaud their achievements.

[pause]

I mentioned financial support, and that brings us to what I would like to talk to you about for a few minutes.

The graduates here today are majoring in accounting and business.

As such, they will be equipped with a set of skills that will not only be an asset in their professional careers,

but I believe also in the management of their own, and their families' personal finances.

It may be obvious, but you are financially literate at the highest level.

You can make informed judgments and decisions about how you manage your finances.

However the wider community may not necessarily share those skills to the same extent.

Certainly my own children seem to struggle with some of the basic concepts.

But seriously, you all know that the complexities of today's life mean that one can't just ignore financial needs until they occur,

but that they need proper management all through your lifetime.

And proper management requires a proper understanding of the processes involved.

That starts with basic mathematical and comprehension skills, a basic understanding of what money is and what it does,

to being aware of what financial services and product are available and managing one's income and expenditure in a prudent manner.

Needless to say that as the average Australian gets more involved in investment markets, personal super plans and retirement planning, with a vast range of credit facilities to consider,

he or she is being asked to perform tasks of a complexity that even your predecessors 50 years ago would have found a serious challenge.

At Australia's large banks, of course including the Commonwealth Bank,

we help with these tasks through the provision of services that address the underlying requirements and needs in an efficient manner,

but we are mindful that this responsibility can not be transferred entirely

and that a solid level of financial literacy is not only useful on an individual level

but also contributes to the long-term stability of the Australian economy and society overall.

And let us not underestimate the importance of a well-balanced financial and socio-economic system

and the contribution financial literacy can make to it.

Let me give you an idea of where we stand in this regard today.

Studies show that a large percentage of Australian adults are in fact financially illiterate.

Especially worrying is that this is particularly the case among younger people.

Combined with the wide availability of credit,

this is leading to a debt blow-out among teenagers,

with a recent report indicating that personal debts of up to \$20,000 are not uncommon in that age group.

Often these debts are related to four-digit monthly mobile phone bills.

Already 4 years ago, research indicated 1-in-4 people under the age of 24 was struggling to pay their mobile phone bills

And this situation has undoubtedly worsened since

Being unable to meet financial obligations or fund basic necessities

because you were not able to plan and manage your finances can be an unhappy experience,

yet clearly too many Australians face this situation at some stage of their lives.

Others find out to their financial detriment that they misunderstood the risks of their investment

or worse still were misled by equally ill-informed or even unscrupulous advice.

It is difficult to measure the exact cost of financial illiteracy

But the Australian Securities & Investments Commission indicated in a report published last year

that its investigations into prospectuses and scams alone discovered losses to consumers of up to \$800 million over the preceding three years.

The social impact of these occurrences can be dramatic

and they must be reined in as a matter of urgency

To help raise the levels of financial literacy among the general population, the Commonwealth Bank Foundation is actively involved in supporting educational efforts in all age categories to foster literacy, numeracy, e-learning and so forth

More specifically, we are currently developing a comprehensive financial literacy education support program which aims to ensure that students have received some understanding of money management before they leave school.

But I would like to suggest that the graduates here today have a role to play in fostering financial literacy as well.

Clearly the challenges that your future employment will throw at you will further hone your financial and management skills in the work environment.

But there is a further challenge for any professional

and that is to use his or her skills for the benefit of the general community.

Of course, just performing your professional tasks to your best ability and conscience will be a great contribution in itself.

Helping your future employers in providing a quality service or product will also make the task easier for users of those services.

As with the Commonwealth Bank, and for those that will end up working in the financial services industry

that it can be as simple as giving quality advice to customers.

But we can share our skills through other means as well.

I know for example that most sports, cultural and social clubs and organisations

have individuals providing business and financial skills in Treasury and Secretarial roles to the benefit of a common cause.

Others participate in community efforts to inform and educate members of the public through seminars and circulars.

And most importantly, they share their knowledge and abilities with their family and their kids in particular.

Building financial literacy in the community is I believe not a task that can be delegated to just one entity.

It must be shared, in a family and social environment, in an educational environment and in a professional environment.

As I pointed out earlier,

I know from personal experience that explaining the value of money and financial planning to children can be quite a challenge

and it needs to be tackled at a very early age.

Although people are constantly building their financial savvy throughout their life, the foundation of this process is put in place early in life.

And it is at that stage that you and I, as professionals can contribute.

Today's graduates have the skills required.

Skills that set you on a good path towards a fulfilling career

but also skills that can be shared and that can contribute to the health, both financially and in terms of life quality, of the community at large.

It sounds as if in the last 10 minutes I have doubled the workload and responsibility of all those graduating here today,

and clearly there is no shortage of exciting challenges ahead of you,

so good luck to all of you and may you have the satisfaction of contributing in many ways.

But make sure you also enjoy today – it's your day to celebrate a momentous achievement.

The focus of today is celebrating your success with your family and friends. As you progress through your careers, you will no doubt find more success and this may bring with it financial reward. Just remember, as you are remembering today, the importance of things that money can't buy.

Thank you for your time,

And once again, congratulations